

History of Response/Enforcement Activity (Enclosure 1)

The Site includes the Ward Transformer facility as well as surrounding properties and areas downstream from the facility, including unnamed tributaries to Little Brier Creek, Little Brier Creek, Brier Creek Reservoir, Brier Creek, Lake Crabtree, and lower Crabtree Creek. The Ward Transformer Company, Inc. built the Ward Transformer facility on approximately 11 acres of previously undeveloped land in 1964. As part of its operations, Ward built, repaired, sold, and reconditioned transformers, switchgear, and other similar types of electrical equipment at the Site until 2006. As a result of Ward's operations, polychlorinated biphenyls (PCBs), hazardous substances, were released into the environment.

To date, the EPA, the State of North Carolina, and several groups of potentially responsible parties (PRPs) have conducted and/or overseen the following response actions at the Site.

- The EPA and the North Carolina Department of Environment and Natural Resources (NCDENR) began an investigation of the Site in 1978 as a result of Ward Transformer Company's involvement in the release of used oil containing PCBs along roadsides in North Carolina. During the investigation, the EPA collected a number of samples at and downstream from the Ward Transformer facility. PCB contamination was found in the soil at the Ward Transformer facility, in the water and sediment of the facility's storm water lagoon, and in the water and sediments along the surface water pathway draining the facility.
- In 1993, the EPA conducted an emergency removal investigation at the Site and concluded that although PCB contamination was not above emergency removal levels, it did necessitate further remedial investigation.
- Between 1994 and 1997, NCDENR completed a Preliminary Assessment (PA), Site Inspection (SI), and Expanded Site Inspection (ESI) of the Site, which confirmed the presence of PCBs in surface soils inside and outside fenced areas of the Ward Transformer facility and along a surface water pathway downstream of the facility.
- On September 5, 2002, the Site was proposed for inclusion on the National Priorities List (NPL). The Site was officially added to the NPL on April 30, 2003.
- In April 2003, the EPA began collecting samples as part of a Remedial Investigation (RI) of the Site. An RI Report, dated September 2004, confirmed PCB contamination of soil and sediments at the Ward facility property in soil on several adjacent parcels. The RI Report also revealed PCB contamination of sediment samples and fish samples collected from the unnamed tributary to Little Brier Creek, as well as from Little Brier Creek, Brier Creek Reservoir, Brier Creek, and Lake Crabtree.
- In November 2003 and February 2004, the EPA sent several hundred companies Information Request Letters based on information received from Ward that the companies may have conducted business with, or sent hazardous materials to, the Site.
- On March 14, 2005, as part of the RI, the Agency for Toxic Substances and Disease

Registry (ATSDR) issued a Public Health Assessment for the Site which concluded that exposure of Site workers to high PCB concentrations in surface soils at the Ward facility could contribute to an increased theoretical risk of developing cancer. ATSDR further concluded that high PCB levels in soil from the Ward facility continued to be a source of PCB contamination to sediments and fish in the unnamed tributary to Little Brier Creek, the lower reaches of Little Brier Creek, Brier Creek Reservoir, Brier Creek, and Lake Crabtree, and that edible portions of fish from these waters have PCBs at levels high enough to increase the theoretical risk of adverse cancer and non-cancer health effects for people who eat these fish regularly. As a result, the State of North Carolina Department of Health and Human Services issued fish consumption advisories for these waters and the EPA has posted signs with the advisories warning of dangers of eating fish from these areas.

- Based on the RI and a removal assessment conducted on August 9, 2004, the EPA determined that an unacceptable risk existed at the Site which necessitated a time-critical removal action. On September 14, 2004, the EPA issued an Action Memorandum/Enforcement supporting the agency's decision to implement a time-critical removal at the Site.
- On October 20, 2004, the EPA sent Notice/Demand letters and a draft proposed Administrative Order on Consent (AOC) to 43 PRPs, notifying them of their potential liability and providing them 60 days in which to enter into an agreement to conduct or finance a time-critical removal action at the Site, pursuant to the Action Memorandum, and to reimburse the EPA for its costs incurred to date. On November 8, 2004, the EPA sent a fifth owner/operator PRP a Notice/Demand letter and copy of the draft proposed AOC. The PRPs included 39 top-volume generator PRPs as well as four owner/operator PRPs. On December 22, 2004, the negotiation period officially ended. The EPA was unable to reach a settlement agreement with the PRPs for the performance of a time-critical removal action or the reimbursement of the EPA's costs.
- During the week of January 10, 2005, the EPA conducted a Toxic Substances Control Act (TSCA) inspection at the Ward facility and discovered 38 transformer casings which, according to test results provided by the facility, contained earthen material contaminated with PCBs.
- Between February 2005 and September 2005, the EPA negotiated with a group of owner/operator PRPs and generator PRPs for the performance of a time-critical removal action at the Site and for reimbursement of the EPA's unrecovered response costs.
- On September 16, 2005, the EPA entered into a DOJ-approved Administrative Settlement Agreement and Order on Consent (Settlement Agreement) with nine PRPs (Removal PRP Group) for the performance of a time-critical removal action at the Ward Transformer facility and some immediately surrounding areas and the reimbursement of \$725,440.83 in past response costs.
- In April 2007, the EPA approved of the PRP Group's removal action plan, which called for excavation, transportation, and disposal of contaminated material at an appropriate off-site land disposal facility, as well as on-site treatment of contaminated material using

a direct-fired Low Temperature Thermal Desorption (LTTD) process. In August 2008, the EPA agreed to a modification of the removal action plan proposed by the PRPs. The time-critical removal action work is in progress and is expected to be completed in 2013.

- In October 2005, the EPA and the community developed a plan for additional sampling of certain areas downstream from the Ward Transformer facility and Reach A. "Reach A" is the section of the unnamed tributary to Little Brier Creek which starts at the Ward Transformer facility storm water treatment plant outfall and continues west-southwesterly for approximately 2,100 ft (0.4 mile) before entering the first culvert beneath the first I-540 crossing.
- The EPA completed a Remedial Investigation (RI) Report for Operable Unit 1, Groundwater and Downstream Reaches, in July 2007 a FS Report for Operable Unit 1, Downstream Reaches, Final, in July 2007. Operable Unit 1 (OU1) includes the areas down gradient from the Ward Transformer facility as described in the Record of Decision (discussed below) including: Reaches B, C, and D; Brier Creek Reservoir; Brier Creek; Lake Crabtree; and Lower Crabtree Creek. "Reach B" is the section of the unnamed tributary to Little Brier Creek, downstream of the Ward Transformer facility, starting at the exit of the culvert on the west side of I-540, and continuing west-southwesterly for approximately 1,500 ft (0.3 mile) before entering a culvert beneath the Lumley Road crossing. "Reach C" is the section of the unnamed tributary to Little Brier Creek that starts from the terminus of Reach B and continues south-southwesterly for approximately 2,100 ft (0.4 mile) to its confluence with Little Brier Creek proper and a culvert beneath the second I-540 crossing. "Reach D" is the section of Little Brier Creek that starts at the exit of the culvert beneath the second I-540 crossing and continues southerly for approximately 4,200 ft (0.8 mile) to its mouth at Brier Creek Reservoir, located in the vicinity of the culverts beneath the Globe Road crossing.
- The EPA issued its Proposed Plan for OU1 on August 6, 2007. The Proposed Plan evaluated remedial action alternatives developed as part of the July 2007 Feasibility Study (FS) Report for Operable Unit 1 (OU1). The notice of availability of the Proposed Plan and RI/FS Report was published in the Durham Herald on August 6, 2007, and the Raleigh News and Observer on August 8, 2007. A public comment period was held from August 6, 2007, to September 4, 2007. Based on a request for extension, the public comment period was extended to October 4, 2007. In addition, a public meeting was held on August 14, 2007, to present the proposed plan and answer questions about the Site and the remedial alternatives. The EPA's response to the comments received during this period is included in the Responsiveness Summary, which is part of the Record of Decision (ROD.)
- The ROD for OU1, which documents the remedial action alternative selected by EPA, was issued on September 29, 2008.
- The EPA issued special notice letters to 61 recipients on September 30, 2008. Following extensive unsuccessful negotiations, the EPA issued a unilateral administrative order to 23 PRPs (see attached list), requiring them to perform the Remedial Design and Remedial Action for the remedy described in the ROD issued on September 29, 2008 for the Site. 10 out of the 23 UAO recipients agreed to comply with the UAO and are currently

developing a remedial design work plan consistent with the OU1 ROD, the UAO and the OU1 work plan.

- Further investigation of the nature and extent of the contamination for all media at or from Operable Unit 2 (OU2), as well as an evaluation of cleanup options that may be needed for OU2, is necessary. OU2 includes the Ward Transformer facility, certain parcels adjacent to the facility, and nearby drainage pathways upgradient of Reach B. On July 10, 2012, the EPA sent special notice letters to three recipients, providing them with the opportunity to organize and begin negotiating an administrative order on consent (settlement) to implement the RI/FS.



FINANCIAL STATEMENT OF CORPORATE DEBTOR

Submitted for Government
Action on Claims Due
To the United States

(Use Additional Sheets Where Needed)

1. Name (Debtor) _____ For Profit ()
Type: Not for Profit ()

2. Business Address _____
Street City State Zip

Note: Attach Schedule of all Business Addresses

3. Foreign _____ Domestic _____

4. Legal form of business organization during last five (5) years.

_____ Corporation _____ Subchapter S Corporation

_____ Partnership _____ Proprietorship

_____ Limited Liability Company _____ Trust

_____ Other? _____

5. State of incorporation _____ Date of incorporation _____

6. Name of registered agent _____

7. Address of registered agent _____

8. Name and address of principal stockholders. Number of shares owned by each. (If more than 7 shareholders, list only those with 5% or more stock ownership.)

Total outstanding shares _____

	<u>Name</u>	<u>Address</u>	<u>Shares</u>
(1)	_____	_____	_____

(2)	_____	_____	_____

(3)	_____	_____	_____

	<u>Name</u>	<u>Address</u>	<u>Shares</u>
(4)	_____	_____	_____

(5)	_____	_____	_____

(6)	_____	_____	_____

(7)	_____	_____	_____

9. (A) Name and address of current (and for previous five years) officers and number of shares held by each. (If more than 7 shareholders, list only those who had 5% or more ownership)

	<u>Name</u>	<u>Address</u>	<u>Shares</u>	<u>Terms</u>
(1)	_____	_____	_____	_____

(2)	_____	_____	_____	_____

(3)	_____	_____	_____	_____

(4)	_____	_____	_____	_____

(5)	_____	_____	_____	_____

(6)	_____	_____	_____	_____

(7)	_____	_____	_____	_____

(B) Name and address of current (and for previous five years) members of board of directors and number of shares held by each. *(Attach additional sheets as needed)*

	<u>Name</u>	<u>Address</u>	<u>Shares</u>	<u>Terms</u>
(1)	_____	_____	_____	_____

(2)	_____	_____	_____	_____

(3)	_____	_____	_____	_____

(4)	_____	_____	_____	_____

(5)	_____	_____	_____	_____

(6)	_____	_____	_____	_____

(7)	_____	_____	_____	_____

10. Has this organization ever issued a prospectus for the sale of stock? YES () NO ().
If Yes, list date, number, and type of shares for each prospectus during the last five years.

- (A) Registration on national or local stock exchange(s). (Give details, including date of registration and/or delisting).

(1) _____

(2) _____

- (B) Total authorized shares for each type issued and present market value per share on each type of stock (or book value if not actively traded).

	<u>Type of Shares</u>	<u>Total Shares</u>	<u>Book Value</u>	<u>Market Value</u>
(1)	_____	_____	_____	_____
(2)	_____	_____	_____	_____
(3)	_____	_____	_____	_____
(4)	_____	_____	_____	_____

- (C) Total outstanding shares of each type of stock currently being held as treasury stock.

- (D) Total outstanding shares of each type of stock.

- (E) Amount of bonded debt and principal bondholders.

11. List states and municipalities to which taxes have been paid and/or are being paid. Describe nature and amount of such taxes, state most recent year of payment thereof and whether tax payments are current.

12. Has this organization filed United States income tax returns during the last 5 years?
Yes () No ()

To which Internal Revenue Service Office(s) _____

What years? _____

Are Federal tax payments current? Yes () No ()

Provide income tax returns for the latest five (5) years.

13. Name and address of:

(A) Organization's Independent Certified Public Accountants

(B) Attorney(s) retained by organization from:

_____ To _____

14. Has this organization filed financial forms with any organization or government entity? List name of organization or entity, date and type of financial form.

15. Does this organization have financial statements (i.e. income statement, balance sheet, statement of changes in financial position etc.) for the five most recent calendar or fiscal years? YES () NO ()

If yes, submit one copy of each. (Audited or certified financial statements are preferred). If financial statements are submitted, answer only questions (2)(a), (2)(b), and (3)(a).

(1)	<u>Assets</u>	<u>Amounts</u>			
	Years	_____	_____	_____	_____
	Cash	\$ _____	_____	_____	_____
	Securities	\$ _____	_____	_____	_____

Existing Facilities	\$	_____	_____	_____	_____	_____
Equipment	\$	_____	_____	_____	_____	_____
Original Cost	\$	_____	_____	_____	_____	_____
Depreciation	\$	_____	_____	_____	_____	_____
Inventory	\$	_____	_____	_____	_____	_____
Accounts Receivable	\$	_____	_____	_____	_____	_____
Other	\$	_____	_____	_____	_____	_____
Total Assets	\$	_____	_____	_____	_____	_____

(2)	<u>Liabilities and Stockholders Equity</u>	Specify Years	_____	_____	_____	_____
Loans Payable ¹						
Principal	\$	_____	_____	_____	_____	_____
Monthly Payments	\$	_____	_____	_____	_____	_____
Mortgages ²						
Principal	\$	_____	_____	_____	_____	_____
Monthly Payments	\$	_____	_____	_____	_____	_____
Accounts Payable	\$	_____	_____	_____	_____	_____
Deferred Taxes	\$	_____	_____	_____	_____	_____
Insurance Premiums	\$	_____	_____	_____	_____	_____

¹ Complete loan information as requested on page 8, under a) Loans Payable.

² Complete mortgage information as requested on page 8, under b) Mortgages Payable.

Other \$ _____

Stockholder's Equity

Common Stock \$ _____

Paid-in-Capital \$ _____

Retained Earnings \$ _____

Total Liabilities and
Stockholder's Equity \$ _____

a) Loans Payable

Owed to/Purpose

Term/Interest Rate

Collateral/Cosigner

1) _____

2) _____

3) _____

Monthly Payments

Original Amount/Date

Collateral/Cosigner

1) _____

2) _____

3) _____

b) Mortgages Payable

Owed to/Purpose

Term/Interest Rate

Collateral/Cosigner

1) _____

2) _____

3) _____

	<u>Monthly Payments</u>	<u>Original Amount/Date</u>	<u>Present Balance</u>
1)	_____	_____	_____
2)	_____	_____	_____
3)	_____	_____	_____
(3)	<u>Income/Expenses</u>		
	Gross Income		
Net Sales	\$ _____	_____	_____
Interest Income	\$ _____	_____	_____
Dividends	\$ _____	_____	_____
Other	\$ _____	_____	_____
	<u>Operating Expenses</u>		
Wages	\$ _____	_____	_____
Overhead	\$ _____	_____	_____
Lease Pmts	\$ _____	_____	_____
Interest Expense	\$ _____	_____	_____
Cost of Sales	\$ _____	_____	_____
Net Income	\$ _____	_____	_____

a) In addition, provide the following firm size information:

- (1) Number of employees _____
- (2) Size of warehouse _____
- (3) Number and size
Of shipments _____

Attach the following additional years for question 15 on a separate sheet: _____

16. Does this organization maintain bank accounts: YES () NO ()
If yes, give names and addresses of banks, savings and loan associations, and other such entities, within the United States or located elsewhere. Indicate name and number of accounts and balances.

(A) Banks

<u>Name of Bank</u>	<u>Account #</u>	<u>Balance (Approximate)</u>

(B) Savings & Loan Associations or Other Such Entities

<u>Name of Entity</u>	<u>Account #</u>	<u>Balance (Approximate)</u>

(C) Trust Account(s)

<u>Name of Entity</u>	<u>Account #</u>	<u>Balance (Approximate)</u>

(D) Other Account(s)

<u>Name of Entity</u>	<u>Account #</u>	<u>Balance (Approximate)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

17. List all commercial paper, negotiable or non-negotiable in which the organization has any interest whatsoever, presently in transit or in the possession of any banking institution. Describe such paper and the organization's interest therein, and state its present location. List all accounts and loans receivable in excess of \$300.00 and specify if due from an officer, stockholder, or director.
- _____
- _____
- _____
18. Has this organization engaged in any joint loan agreements, including letters of credits, with any other organization(s)? YES () NO () If yes, describe all such agreements.
- _____
- _____
- _____
19. Does this organization have any debt coinsured by another organization? YES () NO () If yes, describe all such agreements.
- _____
- _____
- _____
20. List all equity participation in other organizations both domestic and foreign in which this organization has an interest, including the type, amount and terms of such interest.
- _____
- _____
- _____

21. List all debt participation in other organizations both domestic and foreign in which this organization has an interest, including the type, amount and terms of such interest.

22. Is this organization presently:

(A) Active
(Answer no for inactive; but, still in business) Yes () No ()

(B) Void and/or terminated
State authorities Yes () No ()

(C) Otherwise dissolved

1) Date _____

2) By whom _____

3) Reason _____

23. (A) List corporate salaries to and/or drawings of the following personnel for the last five taxable years:

Position (Including officers)	Specify Year					
President	\$	_____	_____	_____	_____	_____
Chairman/Board	\$	_____	_____	_____	_____	_____
Secretary	\$	_____	_____	_____	_____	_____
Treasurer	\$	_____	_____	_____	_____	_____
Member(s) - LLC	\$	_____	_____	_____	_____	_____
Other _____	\$	_____	_____	_____	_____	_____

(B) List the five most highly compensated employees or officers other than above, describe position and set forth annual salary and/or bonus for last five taxable years:

	<u>Name</u>	<u>Position</u>	<u>Specify Year</u>				
			_____	_____	_____	_____	_____
1.	_____	_____	\$ _____	_____	_____	_____	_____
2.	_____	_____	\$ _____	_____	_____	_____	_____
3.	_____	_____	\$ _____	_____	_____	_____	_____
4.	_____	_____	\$ _____	_____	_____	_____	_____
5.	_____	_____	\$ _____	_____	_____	_____	_____

(C) Describe the nature of the compensation paid to the persons listed in (A) and (B) above and set forth any stock options, profit sharing, royalties, or other deferred compensation rights of said persons.

24. List organizations commercial activity (fields of activity resulting in income) and SIC Code.

	<u>Commercial Activity</u>	<u>SIC Code</u>
Primary	_____	_____
Other 1.	_____	_____
Other 2.	_____	_____
Other 3.	_____	_____

25. List all other supplementary fields of activity in which this organization is engaged, either directly, through subsidiaries, or affiliates, stating the name(s) and state(s) of incorporation of such subsidiaries or affiliates.

26. Has this organization at any time been the subject of any proceeding under the provisions of any state insolvency law or the Federal Bankruptcy Act, as amended? YES () NO ()
If yes, supply the following information as to each such proceeding:

- (A) Date (Commencement) _____
- (B) Date (Termination) _____
- (C) Discharge or other disposition, if any, and operative effect thereof:

- (D) State Court _____ Federal Court _____
County District
- (E) Docket No. _____

27. (A) List all real estate, and personal property of an estimated value in excess of \$500.00 owned or under contract to be purchased by this organization and where located:

- (B) List and describe all judgments, recorded and unrecorded:

Against the organization

In favor of the organization

- (C) List and describe all other encumbrances against real estate owned by the organization: (include but not limited to mortgages, recorded or unrecorded)

- (D) List and describe all other encumbrances (including but not limited to security interest, whether preferred or not) against any such personal property owned by the organization as is listed in 28 (A) above.

- (E) List and describe location of real state, including real estate being purchased under contract, with name and address of seller and contract price:

28. List all life insurance, now in force on any or all officers, directors, and/or key employees, setting forth face amounts, names of life insurance companies and policy numbers where this organization has an "insurable interest" and/or is paying the premium or part of same. Where applicable, indicate under which policy(s) this organization is a beneficiary, type policy(s), yearly premium and location of policy(s). In addition, describe the conditions of and borrowing options available under each policy.

29. For the following types of policies, list all primary and excess insurance policies, the deductible

amounts, per occurrence and aggregate coverage limit for each policy. List all policies held by the firm (or predecessor firms) starting from the date which the pollution incident began. *Include the name and address of each insurer, policy numbers and the effective dates for each policy*

(A) Comprehensive general liability

(B) Environmental impairment liability

(C) Other policies for which coverage might apply including participation in risk retention pools.

(D) Other

30. List all transfers of any and all assets, real and/or personal property (over \$300.00) made by this

organization OTHER THAN IN THE ORDINARY COURSE OF BUSINESS, during the last three (3) calendar years and state to whom transfer was made. Describe compensation paid by recipient and to whom.

<u>Date</u>	<u>Amount</u>	<u>Property Transferred</u>	<u>To Whom</u>	<u>Conditions of Transfer</u>

31. Is this corporation a party in any lawsuit now pending? YES () NO ()
If yes, give details below

32. Please list names and addresses of any persons or other business entity, holding funds in escrow or trust for this organization, or any of its subsidiaries or affiliates.

33. Other information requested:

34. Additional remarks:

35.

VERIFICATION AND AFFIDAVIT

With knowledge of the penalties for false statements provided by 18 United States Code 1001 (\$10,000 fine and/or five (5) years imprisonment) and with knowledge that this financial statement is submitted by me as a responsible officer of this organization to affect potential action by EPA and the Department of Justice, I hereby certify that I believe I completely understand the above statement, and that it is a true and complete statement of all organization income and assets, real and personal, whether held in the company name or otherwise.

Date: _____

Affiant (Officer) Name

Corporate Position

Signature